Mobilizing for Capitalism: How Islamic Civil Society Makes a Market Economy Possible in Turkey

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MOBILIZING FOR CAPITALISM:
HOW ISLAMIC CIVIL SOCIETY MAKES A MARKET ECONOMY POSSIBLE IN TURKEY

by

DEAN G. SCHAFER

A master’s thesis submitted to the Graduate Faculty in Middle Eastern Studies in partial fulfillment of the requirements for the degree of Master of Arts,
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ABSTRACT

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by

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This thesis asks how international actors – in this case, the IMF and World Bank – advance their neoliberal projects. Specifically, it looks at the local context. How do economic reforms pass from IMF policy into national law? Who does the IMF cooperate with? What strategies are used, and what makes them effective for enacting and legitimizing policy? It starts by looking at the history of political mobilization in Turkey after WWII, when it took its first IMF loan. Turkish political parties have commonly sought electoral success through populist economic policies built on patron-client relationships. However, economic populism is a finite tool for the purposes of political mobilization. This is in part because Turkey’s particular political culture impedes the ability of political parties to organize within the population: a deep historical divide separates the central bureaucratic state from the still largely agrarian society. I will show how Turkey’s lack of a politically integrated civil society contributed to economic mismanagement, and also undermined any political will to engage in significant economic reform. The IMF continued to loan Turkey money, and pushed its desired economic policy.
However, reforms progressed slowly and external debt mounted, culminating in a series of economic crises in the latter decades of the 20th century.

The second half of the thesis focuses on the ascent of Turkey’s Islamist parties and the AKP. During the 80s and 90s Islamist parties built impressive civil society networks that were the envy of the other political parties. These networks gave Islamist political parties unprecedented capacity to reach out to and mobilize the population. The breadth of these civil society organizations contributed directly to the AKP’s consistent and resounding electoral success since 2002. In addition to solving Turkey’s chronic crisis of political hegemony, I argue that the AKP has successfully managed these organizations for the purpose of facilitating Turkey’s neoliberal reforms. I will look at the nature of these networks, how they operate, and how they are integral to naturalizing market logic among a large section of Turkey’s population.
for Özden
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MOBILIZING FOR CAPITALISM:
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INTRODUCTION

Military tanks rolled into the streets of Turkey’s major cities on September 12, 1980. Kenan Evran, one of several generals on the National Security Council, declared the coup d’état on the state television channel and extended martial law throughout the country. The military abolished Parliament, suspended the Constitution and banned all political parties and trade unions. Over the next three years the military government detained 650,000 people, put 210,000 on trial, demanded the execution of 7,000, executed 517, and revoked the citizenship of 14,000.¹ In addition, 171 people died of torture, 300 died while in jail due to “indeterminate” reasons, 23,677 organizations were closed down, 39 tons of printed news was burned, and 31 journalists were jailed.² Turkey’s military focused its violence on the Turkish left, worker’s unions, and socialist organizations, which had been exerting considerable power over Turkey’s economy and politics during the 1970’s. The coup decimated the Turkish left, and it still has not recovered.

The political violence of the previous decade led the Washington Post to hail the “gentle coup” that would return normalcy to Turkey.³ With the assistance of the World Bank and IMF the military leaders appointed technocrats to implement “neoliberal” reforms that would shape Turkey’s economic transformation for the coming decades. The strong hand of the military

¹ Akça, “Hegemonic Projects,” 16.
² The military also opened files on 1,683,000 people, and denied 388,000 citizens their passports.
junta⁴ – having removed the popularly-elected government – did what politicians could not: they oversaw the transition from a state-capitalist, protectionist economy based on import substitution to a market-oriented economy that liberalized trade and finance, privatized the state-owned enterprises, and ended organized labor.⁵

Turkey’s neoliberalization followed a pattern comparable to other countries in the developing world. Unfortunately, the military coup – albeit an important moment – is not what makes this story unique, nor did it end the political and economic tumult. The IMF-directed neoliberal regime only exacerbated Turkey’s crisis of political hegemony, which continued for the next two decades. The 90s in particular were marked by weak coalition governments and elections where no party was able to win more than 27 percent of the vote. The mobilization of civil society was central to ending this crisis. Civil society organized voters, integrated them with political society, and acted as a medium for adjusting citizens to the new market economy.

I believe Turkey’s example accords with Foucault’s description of civil society as a “governmental technology”: a tool of “omnipresent government, a government which nothing escapes” because it “manages civil society, the nation, society, the social” but yet does not infringe on economic laws and “respects the specificity of the economy.”⁶ For him “civil society is the concrete ensemble within which these ideal points, economic men, must be placed so

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⁴ Akça, “Hegemonic Projects,” 16. Points out the strikingly similarity between other neoconservative projects in the cooperation between authoritarianism and market restructuring.

David Harvey. *A Brief History of Neoliberalism*. 79-82. David Harvey also notes that authoritarianism is a commonly favored method for enforcing a market-oriented economy, and that this tendency in neoliberalism sits at odds with individual freedoms. “neoconservatives therefore emphasize militarization as an antidote to the chaos of individual interests.”

⁵ All these changes in the organization of the economy are framed as encouraging competition.

⁶ Michel Foucault, *The Birth of Biopolitics*, 297.
that they can be appropriately managed.” In short, civil society is an extension of the state and exists for the purpose of inconspicuous economic management.

This thesis asks how international actors – in this case, the IMF and World Bank – advance their neoliberal projects. Specifically, it looks at the local context. How do economic reforms pass from IMF policy into national law? Who does the IMF cooperate with? What strategies are used, and what makes them effective for enacting and legitimizing policy? I start by looking at the history of political mobilization in Turkey after WWII, when it took its first IMF loan. Similar to Philip Oxhorn’s description of Latin America, Turkish political parties have commonly sought electoral success through populist economic policies built on patron-client relationships. However, economic populism is a finite tool for the purposes of political mobilization. This is in part because Turkey’s particular political culture impedes the ability of political parties to organize within the population: a deep historical divide separates the central bureaucratic state from the still largely agrarian society. I will show how Turkey’s lack of a politically integrated civil society contributed to economic mismanagement, and also undermined any political will to engage in significant economic reform. The IMF continued to loan Turkey money, and pushed its desired economic policy. However, reforms progressed slowly and external debt mounted, culminating in a series of economic crises in the latter decades of the 20th century.

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7 Michel Foucault, *The Birth of Biopolitics*, 297.
8 Philip Oxhorn, “Controlled Inclusion,” 250.
9 Mardin, “Center-Periphery Relations.”
The second half of the paper focuses on the ascent of Turkey’s Islamist parties and the AKP. During the 80s and 90s Islamist parties built impressive civil society networks that were the envy of the other political parties. These networks gave Islamist political parties unprecedented capacity to reach out to and mobilize the population. The breadth of these civil society organizations contributed directly to the AKP’s consistent and resounding electoral success since 2002. In addition to solving Turkey’s chronic crisis of political hegemony, I argue that the AKP has successfully managed these organizations for the purpose of facilitating Turkey’s neoliberal reforms. I will look at the nature of these networks, how they operate, and how they are integral to naturalizing market logic among a large section of Turkey’s population.

THE SHAPE OF TURKEY’S POLITICAL AND CIVIL SOCIETY: CENTER VS PERIPHERY

Turkish sociologist Şerif Mardin argues that an urban, centralized bureaucracy defined the governmental structure of the Ottoman Empire, and that the Turkish Republic inherited this model. The politics of “center-periphery” relations is especially evident during the first three decades of the Republic when Mustafa Kemal Atatürk’s Republican People’s Party (Cumhuriyet Halk Partisi or the CHP) dominated as the sole party. The “center” – the military, judiciary, and the CHP – acted as the bulwark of Atatürk’s legacy of secular modernization and they ruled the nationalization projects of the profoundly heterodox young nation-state. However, the CHP was reluctant to engage with and mobilize the rural population. This can be explained by the CHP’s fear that engagement with the countryside risked harming the integrity of the nation, as the rural population would first be loyal to their local identity. In this sense Turkey was in a similar situation with the newly independent nations in Eastern Europe formed out of what was the Austro-Hungarian

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10 Mardin, “Center-Periphery Relations.”
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countryside the centrifugal forces that threatened their new nation: “Do not go into the provincial towns or villages to gather support: our national unity will be undermined.” In other words, they suspected that “provincial primordial groups will be resurrected as political parties.” The CHP’s detachment, and so failure to form organizational links with much of society explains its marginalization as Turkey’s population grew and became increasingly complex. From the perspective of Samuel Huntington they had failed to dominate the raw social forces which need to be tempered and moderated by political institutions: “a government with a low level of institutionalization is not just a weak government; it is also a bad government.”

Kemalist ideology was not able to overcome the distance between political society and the rural population, which became apparent in 1950 when Turkey moved towards a multi-party system. “Periphery” parties which positioned themselves against the central bureaucracy regularly won large majorities in elections. The success of the first significant opposition party – The Democrat Party (DP) – was coordinated by party elites from the CHP who did not vary radically in their political beliefs, but who saw the potential of a political ideology that would appeal to the rural population. The DP made gestures to Islam – the conspicuous patronizing of mosques and some religious rituals – and also promised to loosen

Empire. In both Eastern Europe and in Anatolia ethnic cleansing, forced assimilation were endemic to their nationalization projects.

13 Mardin, “Center-Periphery Relations” 182.
14 Huntington, Political Order in Changing Societies, 28.
15 Though decades of indoctrination through the education system would have its effect, producing citizens who to varying degrees are loyal to Turkish nationalism and the legacy of Mustafa Kemal Ataturk. Hybrid versions can also be seen in Islamic Nationalists and Kemalist Marxists.
16 Şerif Mardin, “Center-Periphery Relations,” 184.
bureaucratic controls over the economy. The agricultural population, which had been largely ignored by the economic planning of the previous decades, saw a flurry of public investment.\textsuperscript{17} Members of the Democrat Party formed new relationships with the villages and local elite; “deals, trade-offs, and bargains became much more pervasive... client politics flourished on a new level.”\textsuperscript{18}

However, the representatives of laicism in Turkey – the judiciary, the military and the CHP – defended their power and fought vehemently against any signs of “Islamification.”\textsuperscript{19} In 1960 the military removed the Democrat Party from government, ostensibly for crimes against the secular ideology of Kemalism. This was the first intervention of many. There would be two more military coups, several near coups, and the Constitutional Court would shut down twenty-four political parties, many of which were Islamist, after having won in popular elections.\textsuperscript{20} The struggle between the central Kemalist state and popular parties defined the pattern of Turkish politics for the following decades. Opposition parties continued to mobilize their constituencies through clientelistic relations, populist economic redistribution and, often, careful appeals to

\textsuperscript{17} The DP greatly expanded the highway system, but agricultural equipment (through the Marshall Plan) and built dams for irrigation.
\textsuperscript{18} Şerif Mardin, “Center-Periphery Relations” 185.
\textsuperscript{19} So much so that “Secularism versus Islam” continues to frame much of the political discourse in Turkey. The limited binary of this discourse often works to the disadvantage of the CHP because it handicaps how they frame their opposition to popular Islam-leaning parties, and because the CHP’s opposition confirms the Islamic legitimacy of their target.
\textsuperscript{20} In 1960 the military removed the center-right Democratic Party and executed its leader, Adnan Menderes; in 1971 the military removed Suleyman Demirel’s center-right Justice Party; in 1980 military removed the coalition government which included the Islamist National Salvation party. There were several iterations of Islamist parties – largely with the same cadre and leadership – that were sequentially shut down by the military and judiciary: the Milli Order Party in 1971; the Milli Salvation Party in 1980; The Welfare Party (Refah Partisi) in 1998. In 2001 the Virtue Party (Fazilet Partisi) was judged unconstitutional by the Constitutional Court and banned. In 2008 the Constitutional Court nearly banned the current “conservative democrat” Justice and Development Party (Adalet ve Kalkınma Partisi) with six of eleven judges voting in favor or the ban, just short of the three-fifths required.
Islam. Economic favors formed the backbone of a weak incorporation of the “periphery” into Turkey’s political space. As a result, the political parties were beholden to the economic demands of their constituency.

In the next decades Turkey’s leaders continued to borrow heavily from the IMF. Debt fueled GDP growth through the mid-70s despite the 1973’s sharp rise in oil prices and the lowest export/import ratio in the Republic’s history. Political and economic instability increased in tandem during the late 70s, and foreign lenders cut off credit to Turkey after 1977. An IMF program was agreed on in 1978, but quickly canceled because significant economic reforms had not been made. In 1979 social democrat Bulent Ecevit, then leader of the CHP, negotiated a new IMF program. However this agreement also looked doomed to fail. At the beginning of 1980 the government was unable to important essentials – oil, coal, and coffee – because of a shortage of foreign exchange.

CRISIS AND RADICAL REFORM: TURKEY’S NEOLIBERAL PERIOD

Turkey’s economic transformation of the 1980s and 1990s follows a pattern recognizable in the rest of the developing world. The IMF attached policy requirements of financial liberalization and privatization to its monetary assistance, much as it did in post-Soviet

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21 Of course, this is only a broad picture. Turkish politics are remarkably pluralistic. There have been parties that rallied to Marxism, Maoism, Shi’ism, Kurdish Nationalism, Shamanistic Ultra-Nationalism, etc., but the political strategy of the larger and more successful parties that were not immediately shut down are what I am attempting to outline.


Eastern Europe, Southeast Asia, and South America. This section looks at the period after the 1980 military coup: its political context and neoliberal economic reforms. The Turkish government – composed mostly of center-right parties like those described above – passed many radical economic reforms into law, but lacked the mechanisms to properly manage a market economy.

In addition to neoliberal reforms the military also oversaw the drafting of a new constitution. The constitution included references to Islam for the first time in its definition of Turkishness.24 The generals’ state sanctioned Turkish-Islam synthesis was intended to solve the country’s crisis of political hegemony, bridge the gap between the state and the “periphery”, and coopt the success of the Islamist and center-right parties.25 I will wait to discuss the effects of the military’s controlled opening to religion in a later section on Islamic civil society.26 However, it is important to note that TÜSİAD (the Turkish Industrialists’ and Businessman’s Association, or Türk Sanayicileri ve İşadamları Derneği) – the organization that represents the interests of the Turkey’s largest conglomerates and holding companies – was one of the only societal organizations exempted from the repression of the 1980 coup.

A key figure in the post-coup period is Turgut Özal, an engineering student from the Eastern Anatolian city of Malatya. His experience at the World Bank and at high level positions

24 Özbudun “Turkey’s Search for a New Constitution.”; Cihan Tuğal, The Fall of the Turkish Model, 69.
25 Özbudun “The Turkish Constitutional Court,” 152.
26 They permitted an increased number of Imam Hatip Schools (religious training schools) and required religious classes be included in the state curriculum. The military violently repressed the Turkish left, but was permissive of religious civil society organizations so long as they didn’t get involved in politics. The shift of the Turkish state towards an alliance with the religious right should also be understood in the context of the Cold War and the struggle against Communism. American allies often sided with religious groups in their struggle against the left. In the next two decades the military/state also enlisted the help of militant religious groups in the irregular/guerilla war with the PKK in the south east.
in the private sector led Suleyman Demirel – Turkey’s Prime Minister in 1980 – to make him the head of the economic team in charge of implementing the reforms required by the previous year’s IMF stabilization program. Özal was one of the few officials to remain in government after the military coup came a few months later. The generals appointed him as Deputy Prime Minister in charge of Economic Affairs, following the advice of the IMF. Under military tutelage Turkey was able to go forward with the economic reforms that the political leaders of the past few years had been loath to enact due to their populist obligations.

Özal represents a new kind of politician in Turkey, and comes out of an emerging class that is educated, but pious. For the elections of 1983 the military had banned all previous politicians and their parties, allowed only three new parties to run, and so had effectively flattened the political playing field. In this environment, Özal, at the head of his newly organized center-right Anavatan Partisi (The Motherland Party, ANAP), was able to handily defeat the party preferred by the military elite and take a majority of the seats in parliament. His economic experience appealed to domestic and international business elites, while his Anatolian background, conservatism, and religious leanings – he once unsuccessfully ran for parliament under the umbrella of the Islamist Milli Selamet Partisi (National Salvation Party, MSP) – gave him popular appeal. In his new position as Prime Minister, He was able to aggressively continue with economic and financial deregulation.

Developing countries across the world were shifting from an import-substitution economic model to one that was export-driven. In this direction, Özal abolished price controls,

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27 Öniş, “Turgut Özal,” 115;  
28 Öniş, “Turgut Özal,” 113-134.
reduced economic barriers, and provided subsidies to encourage exports. His reforms resulted in early success, in large part because he was able to attract investment from the international financial community. His marketization of Turkey’s economy has been likened to Margaret Thatcher’s policies in the UK, as he privatized state industries and incentivized Turkey’s middle class to become stake-holders through the sale of revenue sharing certificates and high interest rates on small investments. Önal’s policy reforms show a deep belief in market logic.

In summary, Önal cooperated with the IMF to liberalize Turkey’s economy and financial accounts with the intention of integrating Turkey into the global economy. However, he neglected to reform the culture of informal relations and system of patronage that existed between politics and business, and himself showed a disregard for the rule of law. Though he recruited young and well educated technocrats to manage newly created economic regulatory bodies, these new institutions were not yet empowered to carry out their functions when Önal fully liberalized the capital account in 1989 and allowed the full convertibility of the Turkish lira.

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30 Hisamoglu, Turkish Economic Development, 133-5. For example: Exporters took advantage of subsidies by falsifying documents, leading to huge irregularities in export estimates. Laws were passed in the morning reducing custom duties that were then reversed in the afternoon once the goods had cleared. Such infractions were often left unpunished.

Karadağ, “Neoliberal Restructuring,” 20. In 1989 his son Ahmet Önal and Cem Uzan started Turkey’s first private TV station, Star TV. They quickly moved into construction, energy, finance (Imar Bank), and communications (Telsim).

Karadağ, “Neoliberal Restructuring,” 17. “The decade has witnessed an intensification of particularistic relations between the state and private sector actors with claims on public resources. Exporters who were supported by tax rebates, investors in tourism and real estate benefitting from preferential credits, and the bidders for public sector enterprises in privatization deals have all appeared as important actors in newly emerging networks among public authorities and private businessmen. Liberalization and deregulation have provided ample opportunities for the mobilization of such networks for private gain, and what has critically been labeled populism has given way to downright corruption.”
Lira.\textsuperscript{31} In this environment Turkey' financial institutions were unable to control the economic chaos and corruption that followed in the 90s.\textsuperscript{32}

\textbf{THE 90s AND IMMATURE GLOBALIZATION}

In the period immediately following the liberalization of the capital account, high interest rates attracted international capital in the form of short-term capital flows, allowing dangerous amounts of domestic and public borrowing.\textsuperscript{33} The GNP in 1990 grew by 9.4%, but at the same time the domestic debt and budget deficit were also increasing.\textsuperscript{34} As deficits increased, interest rates rose, as well as inflation. In 1994 Turkey's credit rating was reduced, and short-term capital fled the country. Overnight interbank rates soared to 500%, inflation reached 100%, the Turkish lira devalued against the dollar by 165% and real growth declined by 6.1%. Turkey's premature liberalizing, without the proper regulatory bodies in place, proved to be costly. IMF-directed financial liberalization had allowed speculative international finance to gamble on Turkey's economy: international creditors profited at the expense of Turkey's economic stability. This crisis was the first of a series of crises that would lead up to 2001.

Regulation was not the sole issue, however, the 90s continued to be defined by the relationship between politicians and their supporters as patrons to clients. The system of political patronage continued via the public banks as the principle avenue for distribution:

\begin{itemize}
\item \textsuperscript{31} Öniş and Aysan, “Neoliberal Globalization,” 129; Öniş, “Turgut Özal,” 123.
\item \textsuperscript{32} Öniş, “Turgut Özal,” 121.
\item \textsuperscript{33} Öniş and Aysan, “Neoliberal Globalization,” 129-130. “It became possible to realize annual returns as high as 47% on the dollar in 1989, 25% in 1990, 18% in 1992, and 18% in 1993.”
\item \textsuperscript{34} Hisamoğlu, \textit{Turkish Economic Development}, 158; Karadağ, “Neoliberal Restructuring,” 18.
\end{itemize}
Ziraat Bank helped channel funds to agricultural producers and Halk Bank heavily subsidized small and medium sized business.\(^{35}\) One shocking example is the story of Cavit Çağlar. He was a friend of Suleyman Demirel (the Prime Minister at the time), and the Minister in charge of state banks from 1995 to 1996. Using his connections he first set up a textile company, then quickly started diversifying into finance and media, and used strategic bankruptcies, with his bank, Interbank, to funnel money out of his holding companies. He also aided in similar practices on behalf of the banks of friends within Demirel’s circle.\(^{36}\) Political Economist Ziya Öniş summarizes this decade when he states:

“It was also clear from the experience of the post-1999 era that the basic orientation of political parties in Turkey had not fundamentally changed over time. The parties continued to act as patronage networks serving narrowly based sectional interests as opposed to serving the interests of broad segments of the society as a whole.”\(^{37}\)

In summary, because political parties operated through narrow patron-client relationships they did not command the means necessary to manage globally integrated economy. They were powerless to implement broader economic reforms. Instead they stuck awkwardly between a state-capitalism and market-based economy with an under regulated financial sector that left the country vulnerable to international and domestic predation. Nor were political leaders able to control the broader discourse surrounding the economy, resulting in popular anger and protests when their constituencies fell victim to the inevitable hazards of a neoliberal economy.

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Domestic panic multiplied with the flightiness of international capital to produce Turkey’s 2001 financial meltdown.

THE CRISIS OF 2000 and 2001

“You never want a serious crisis to go to waste” (Rahm Emmanuel)

Turkey’s debt funded growth and spending reached its limit by the end of 1999. Domestic debt had reached such an extent that paying the interest proved a significant burden for the state. In December of 1999, a tacit agreement was made with the IMF. Its main target was inflation: bring consumer inflation down to 25% by the end of 2000, 12% by the end of 2001, and 7% by the end of 2002. A new coalition government formed in April of 1999 – the left nationalist Demokratik Sol Parti (Democratic Left Party, DSP), the ultra-nationalist Milliyetçi Hareket Partisi (Nationalist Action Party, MHP), and the center-right ANAP – despite their considerable ideological differences, seemed committed to countering inflation and carrying through with the IMF reforms. However during the early months of 2000 the cohesion of the coalition began to falter as they hesitated to enact reforms that would negatively impact their low-income constituency (especially the DSP and MHP). With intense external pressure from the international finance community and the EU, the coalition government continued with its IMF program, but it was not enough to hold investor confidence. In November 2000 there was a

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mass exodus of short-term capital. As a result, Demirbank, the bank most troubled by the crisis, effectively lost all of its capital in two days.40

A cold winter, coal shortages, and a liquidity crisis failed to thaw Turkey’s parliamentary impasse. Inflation continued to spike, and its current account deficit steadily expanded. On February 19th, 2001, in the middle of a heated and highly publicized argument the Turkish President threw a copy of the constitution at the Prime Minister and sent the markets crashing into the worst economic crisis in Turkish history. On that day panic caused a rush on the dollar as banks sold off their lira, which caused the overnight lending rate to skyrocket to 4500%.41 The next day followed with a cascade of payment defaults by most banks, and on February 22nd the Turkish Lira lost 40% of its value against the dollar.42 Many banks, especially state banks, were left unable to honor deposits. The GNP in real terms declined by 9.4% over the course of the year. Per capita income dropped dramatically from $2,986 to $2,110, and unemployment increased by one million people.43 In reaction, large sections of the population took to the streets in the most violent protests since the 1980s. Composed mostly of tradesmen, artisans and the urban poor – groups close to the center-right, Islamist and nationalist parties – the protestors shouted slogans of “Damn the IMF!” and demanded the resignation of the current government.44 They clearly made the connection between international finance and their current economic predicament.

40 Öniş, “Domestic Politics versus Global Dynamics,” 13
41 Rijckeghem and Üçer, Chronicle of the Turkish Financial Cries of 2000-1, 79.
42 Rijckeghem and Üçer, Chronicle of the Turkish Financial Cries of 2000-1, 81-86.
44 Tuğal, Passive Revolution, 71-76.
The crisis prompted Prime Minister Ecevit to ask Kemal Derviş, who had been working for the World Bank, to come help coordinate the recovery plan. Humbled by the events of the previous year, the same coalition government listened to Derviş’s recommendations and passed a record amount of laws in the next 18 months. The laws brought significant structural changes to the economy and were intended to rein in inflation and bring the economic back to fully functioning order within the next three years. The current parties seemed to have accepted the end of business as usual. The consecutive crises of November and February, on top of the preceding decade, demonstrated the total bankruptcy of “a model of development based on clientelistic ties and patronage networks.”

The crises also highlights the role of the IMF in pushing the shift to market fundamentalism in Turkey. Financial liberalization facilitated Turkey’s integration with international capital, ostensibly producing economic growth. On a closer look, however, while GDP and wealth have increased, the volatility of Turkey’s financial liberalization has negatively affected wealth equality, income distribution, unemployment, and personal savings. The IMF was negligent of the risks that under-regulated capital flows presented to the developing world. Speculative short term capital flows followed rent-seeking logic in the hunt for high interest rates and quick returns, and the sudden flight of international capital was responsible

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45 Derviş, “Returning from the Brink,” 67. A total of 19 important structural laws and reforms in less than a year, including full independence of the Central Bank.
47 Fikret Senses, “Turkey’s Experience,” 19.
48 Öniş, “Domestic Politics versus Global Dynamics,” 14. It also didn’t consider Turkey’s political culture. International credit enabled the accumulation of massive debt by state and private entities, perpetuating rent-seeking behavior. “Politicians and policymakers who conceived of private banks as a major means of government financing and the public banks as a serious source of rent distribution for building up and sustaining electoral support.”
for comparable economic crises in Thailand, Indonesia, Malaysia, Argentina, Japan, et al. during the 80s and 90s. David Harvey identifies speculative investment and the sudden flight of poorly regulated global finance as a significant source of wealth for creditors and creditor nations: “It was this flow of tribute from the rest of the world that founded much of the affluence achieved in the US in the 1990s.”

Ever since the end of WWII Turkey has regularly borrowed from the IMF. In exchange for badly needed credit, its politicians were at the mercy of IMF policy demands. By 2002 Turkey had the undesirable distinction of the all-time greatest recipient of IMF loans, with $31 billion borrowed and $131.6 in overall external debt. Similar to 1980, the country faced a serious crisis of capital. Turkey’s political parties lacked the will to carry out the required reforms, nor were they able to generate the consensus needed to legitimize them. In 1980 the iron fist of the military was able to overcome this crisis. Since then the state apparatus (in particular the military) had cautiously accepted Islamic identity. The development of Islamic political and civil society provided a more subtle and lasting solution to the crisis of political hegemony and

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49 The Asian crisis of 1997-8 is a prime example. The devaluation of their currency led to the collapse of a speculative property market. The crisis spread to Indonesia, Malaysia, and the Philippines, and then to Hong Kong, Taiwan, Singapore and South Korea. Turkey as well saw reverberations of this panic of global finance.

Wade and Veneroso “The Asian Crisis” 21. “Financial crises have always caused transfers of ownership and power to those who keep their own assets intact and who are in a position to create credit, and the Asian crisis is no exception... there is no doubt that Western and Japanese corporations are the big winners... The combination of massive devaluations, IMF-pushed financial liberalization, and IMF-facilitated recovery may even precipitate the biggest peacetime transfer of assets from domestic to foreign owners in the past fifty years anywhere in the world, dwarfing the transfers from domestic to US owners in Latin America in the 1980s or in Mexico after 1994. One recalls the statement attributed to Andrew Mellon: ‘In a depression assets return to their rightful owners.’”

50 David Harvey, “Uneven Geographical Developments” in A Brief History of Neoliberalism, 87-119.

51 David Harvey, A Brief History of Neoliberalism, 93.

economic management in 2002. In the next section I will show how Islam and Islamic civil society made possible the project of market fundamentalism.

**ISLAMIC POLITICAL AND CIVIL SOCIETY: EFFECTIVE MOBILIZATION**

Concerning the expression “Islamic government,” why immediately cast suspicion on the adjective “Islamic”? The word “government” suffices, in itself, to awaken vigilance.  

This section looks at Islamist parties, the AKP, and their rise to political hegemony. Islamic political parties, more successfully than any previous party, did the work of building civil society networks: a crucial technology of governance that had been missing in the previous decades. However, the Islamist parties were originally not willing to cooperate with the IMF, and generally spoke against the West and capitalism. Gradually the pressures of international finance and the Turkish state forced them to conform to IMF policy. Neoliberalism, Turkish political leadership, and public opinion finally aligned during the reign of the AKP. I will show that the AKP, with the help of an integrated civil society, was able to shape the economic discourse, reconcile much of the population to global neoliberalism, and naturalize market logic.

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The political origins of Turkey’s Islamist movement lie in the Milli Görüş, or National Vision, a party platform written by Necmettin Erbakan in 1975. The ideology of Erbakan’s party – Milli Nazim Partisi (National Order Party, MNP) – hedged between Islam and nationalism, exemplified in the word *milli*: an Arabic word that has Islamic connotations, but which has been coopted in Turkish to refer to the concept of “nation”. Economically the party’s “Just Order” opposed inequality and economic exploitation, a policy which appealed to the poor and working class population that formed its base: small businessmen, tradesmen, peasants and artisans. I will fast forward to Erbakan’s Refah Partisi (Welfare Party, RP), – founded in 1983 – both because it was the first to see broad electoral success, but also because of its organizational structure.

The Islamist parties, were, and are, intimately involved in civil society outreach and organization to a far greater degree than any of the other political parties in Turkey. The Refah Party’s youth foundations recruited actively in schools. The Milli Gençlik Vakfi (National Youth Foundation, MGV) had approximately thirty-five thousand student members between 1991 and 1996. It had representatives in almost every hallway in every school, who were responsible for bringing one person to the foundation every semester. The foundation provided lunch, school supplies, health services, lodging, physical training, English and math lessons, and

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55 Tuğal, *Passive Revolution*, 60
organized religious conferences and pilgrimages. Most MGV members went on to become active in the Refah Party.

The women’s commissions were important for organizing in the neighborhoods and working with families. Because the social mores in many pious neighborhoods inhibits gender interaction, women have more freedom to enter the homes of strangers. Therefore, it was usually women organizers who determined which families were in need of help, apportioned municipal funds, and distributed goods. They also organized trips and mobilized for elections.

The personnel and resources of Islamic charity foundations often overlapped with the municipal governments managed by the RP. In addition to the services described above, foundations also provided marriage counseling, employment assistance, and healthcare support. It often coordinated these services with the municipality (though only informally), but relied primarily on private donations for financial support. Foundations also coordinate large networks of schools, such as that of Sufi cleric Fethullah Gülen, which started schools across Turkey and the world, and were integral to training a generation of technically skilled bureaucrats.

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56 Tuğal, Passive Revolution, 61
57 White, Islamist Mobilization, 199.
58 White, Islamist Mobilization, 178-211.
59 White, Islamist Mobilization, 194
60 White, Islamist Mobilization, 183. Fethullah Gülen’s foundation has numerous schools in South East Asia, Africa, and operates charter schools in the United States; In addition, Islamist circles organize sohbet (conversation circles), reading groups, publish journals and open schools and bookshops. Radical groups often read Sayyid Qutb and embraced an internationalist vision of radical Islam. They also usually rejected political parties and involvement in government. At least, that is, before the political success of the Islamist parties.
However, in Turkey the organizational activities of religious groups operated under the
gaze of a hawkish secular state. The state closely policed and limited any overtly political
activity by Islamist groups, especially after the 1997 military intervention.\(^{61}\) Repression had its
effects. Each time the military or judiciary closed down an Islamist party it regrouped with a
readjusted strategy and ideology. The umbrella Islamist parties began to self-police: although
the Refah Party attracted members of the smaller radical Islamist parties after its modest
political success in the 1991 elections, it also moderated them, marginalized the activists, and
sometimes even expelled unrepentant radicals from its ranks.\(^{62}\)

**POLITICAL SUCCESS AND THE STATE’S REACTION**

The Islamist parties saw particular success at the municipal level, where the state had
less reach. The state neglected the peripheral squatter towns, allowing the Islamist parties to
fill that space, provide services, and construct alternative authority structures.\(^{63}\) The Refah
Party – motivated by Islamic charity and non-Marxist socialism – was able to curtail municipal
corruption, and efficiently provide more social services to the urban poor in Turkey’s rapidly

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\(^{61}\) Tuğal, *The Fall of the Turkish Model*, 73. In 1997 the military ordered the restriction of Imam-Hatip schools, and
increased obligatory secular education from five to eight years. The Refah Party was forced to resign. The generals
conducted a round of arrests, repressions, and torture (though not as much as in the 1980s). The military also
purged Islamists from its ranks.

\(^{62}\) Tuğal, *Passive Revolution*, 78. The party was anathema to militant Islamists groups such as Hizbullah or the
Islamic Great East Raiders Front (İBDA-C); Necmi, a member of the AKP and former member of the RP says “This
country owes a lot to Erbakan Hoca [Necmettin Erbakan, the founder and leader of several generations of Islamist
parties]. He has carried out many services. But nobody could understand this. He appeased the radicals. If it were
not for him, there would be radicalization in this country. Actually, the real conflict in the 1990s was not between
Islamists and secularism, but between the RP and the radicals who denied the legitimacy of the party. Hoca
protected people from these radical groups.”

growing cities. The RP saw considerable success in the 1994 local elections, winning several of Turkey’s largest cities, including Istanbul and Ankara. Next to the corruption of the other political parties the RP was seen as having moral integrity, thereby increasing its popularity among the voting population. So much so that in the 1995 elections it became the largest party, with two-fifths of its votes coming from people who identified as “secular”. But the Refah Party’s success proved fatal. Its increased power enabled some parliamentarians to work for their own benefit. Corruption increased within the party, irreparably damaging its reputation. Progress on furthering the neoliberal reforms begun in the 80s had also stalled out, and the business community became concerned about the party’s anti-capitalist stance and poorly articulated economic plan. In 1997, the military intervened and forced the Refah Party government to resign on the grounds of anti-secular activities. Corruption had caused intra-party conflicts and the RP was unable to put up an organized resistance to state pressure. TÜSİAD – the Turkish Industry and Business Association, which represented Turkey’s largest and oldest conglomerates – vehemently supported the military actions. The US and EU both failed to condemn the coup.

In 1998 the party reformed as The Virtue Party (Fazilet Partisi, FP) and removed the anti-capitalist rhetoric from its program, though it maintained much of its leadership, civil society

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64 Tuğal, Passive Revolution, 50.
65 Tuğal, The Fall of the Turkish Model, 71. In 1994 Recep Tayyip Erdoğan became the mayor of Istanbul.
67 Tuğal, Passive Revolution, 80. Corruption and pursuit of material gain had the effect of weakening the ideological convictions of the party members. Activists within the party became marginalized.
68 Tuğal, Passive Revolution, 50-51.
69 Akça “Hegemonic Projects,” 27.
networks and support base. Members within the party also promoted a pro-Western position, and reframed religious issues – such as the headscarf – in the language of human rights.

However, in defense of secularism, the Constitutional Court again closed down the Virtue Party in 2001. At this point the party split, with its younger members, under the charismatic leadership of Recep Tayyip Erdoğan, forming the Adalet ve Kalkınma Partisi (The Justice and Development Party, AKP).

THE AKP: THE ARTICULATION OF NEOLIBERALISM WITH ISLAMIC CIVIL SOCIETY

“The poor here have the dynamism and enthusiasm necessary for upward mobility.”

(Alaaddin Ersoy, AKP mayor of Sultanbeyli)

The most recent manifestation of the Islamist movement – though we should question whether the adjective “Islamist” can be attached to the AKP – has been careful to avoid explicitly Islamic language, and has insisted on referring to itself as “conservative democrat.” However its founding members come from the previous Islamist party and clearly display Islamic identities. The Islamic cause had become about lifestyle, rather than changing the

71 Tuğal, The Fall of the Turkish Model, 73.
72 Tuğal, The Fall of the Turkish Model, 46.
73 Tuğal, Passive Revolution, 218.
74 Yalçın Akdoğan, an academic and prominent member of the AK Party describes the party’s ideology in AK Parti ve Muhafazakar Demokrasi (The AK Party and Conservative Democracy). In it he emphasises the similarities between the AK Party and American Christian Conservatism as represented by the Republican Party. He argues that like “Social Democrat” or “Liberal Democrat”, “Conservative Democrat” is a universal ideology with broad appeal that values service above all else. He also stresses the difference between the AK Party and the previous Islamist Parties. Tayyip Erdoğan, founder and head of the party frequently states “We have taken off the shirt of the Milli Salvation Party.”
75 This often takes on a visual and performative quality. Men display their modern piety with a narrow “almond” mustache. Women – most visibly the wives of AKP’s leading cadre – are covered and modestly dressed but can wear bright colors.
system or state. The AKP won a large majority in parliament in the 2002 elections, and it relied on the networks formed by previous Islamist parties in the ’80s and ’90s to solidify its political hegemony.

I now turn to the ostensible “success” of neoliberalism during the AKP era by looking at several key developments. One, the negotiations with the IMF following the 2001 crisis and AKP’s electoral victory. Pinned awkwardly between the military, the Constitutional Court, the CHP, and the business community, the AKP was obliged to comply with the terms of Turkey’s 2001 IMF bailout package. Two, its ideological position meant that it was able to reduce the resistance to economic reforms which have had only mixed economic reward for its voting constituency. In fact, the naturalization of market logic has proven to be one of the most successful public opinion campaigns of its tenure in government. Three, privatization, previously the least successful component of the IMF reforms, proceeds at a rapid pace alongside the commodification of urban space. Four, the burden of social welfare provision has shifted to municipal governments, which rely on civil society networks for financial support, organization and distribution. A deeper examination of Turkey’s economic success since 2002 begs the question: success according to whom?

The IMF immediately began putting pressure on the new AKP government to stick to the agreed economic reforms by withholding a $1.6 billion loan disbursement. At the same time investors and international credit rating agencies reminded the new government of Argentina’s

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77 Tuğal, *Passive Revolution*, 244; 206.
78 Fikret Senses “Turkey’s Experience,” 15-32.
79 Ayşe Buğra & Aysen Candas “Change and Continuity Under and Eclectic Social Security Regime”
2001 debt default, which came after the IMF punitively stopped disbursement of a pending tranche because of unsatisfactory compliance with IMF targets.\textsuperscript{80} As a result, the AKP was forced to amend its campaign promises of economic justice. One example was its plan to increase payments for the pensions and salaries of civil servants. In negotiations with the IMF, the AKP was compelled to fund these pay increases by raising taxes on alcoholic beverages, cigarettes, white, brown, and luxury goods, as well as putting a consumption tax on car fuel: effectively undermining the benefits of its promised pay raises.\textsuperscript{81} Similarly, the AKP had to back off of designs for infrastructure spending, cut agricultural subsidies and compromise on tax reconciliation. The IMF’s constant threats to withhold loans coupled with Turkey’s massive indebtedness forced the AKP to give priority to macro-economic indicators and to paying down its debt to the IMF: “the IMF’s priorities became those of the AKP.”\textsuperscript{82} While the AKP has satisfied the IMF, the same can’t be said for economic justice. Wealth inequality and unemployment have both increased considerable. In 2000 the richest 1 percent controlled 38.1 percent of the wealth. In 2014 their share was 54.3 percent.\textsuperscript{83} During the same period unemployment went from 8.4 to 11.9 percent.\textsuperscript{84} In 2014 the government calculated that 36 percent of the youth population was neither working nor going to school.\textsuperscript{85} In addition, quality of life indicators, as measured by the Human Development Index (HDI), have remained

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\item \textsuperscript{80} Patton, “The Economic Policies of Turkey’s AKP,” 517.
\item \textsuperscript{81} Patton, “The Economic Policies of Turkey’s AKP,” 518.
\item \textsuperscript{82} Patton, “The Economic Policies of Turkey’s AKP,” 526.
\item \textsuperscript{83} Tuğal, \textit{The Fall of the Turkish Model}, 143.
\item \textsuperscript{84} Tuğal, \textit{The Fall of the Turkish Model}, 146; in 2014 the Turkish Statistics Institute calculated that 36 percent of the youth population was neither working nor going to school.
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mediocre. The AKP has effectively deflected criticism of its acquiescence to IMF demands by publicly emphasizing the negotiated nature of the economic reforms, insisting “The patient belongs to us, not to the IMF.” It has also skillfully shaped the economic discourse.

The massively popular former Prime Minister and current President Tayyip Erdogan – perhaps more than any other figure – is responsible for shaping the discourse surrounding the market. He popularized the phrase “money has no religion and no belief” which has now become a staple of the party. Coming from a rough, lower-class neighborhood, Erdoğan, a practicing Muslim with a hyper-masculine style, commands the respect of the working poor, who say he “looks like us.” He speaks frequently about his vision of a reformed national economy, and makes skillful use of neoliberal rhetoric, positioning himself and the AKP in opposition to an oppressive state:

Do you know what the real problem in Turkey is? Bureaucratic oligarchy. We, as the executive, want to do something. Do you think that we have the easiness that the private sector enjoys? Believe me, we do not have this easiness. We said we would govern according to the merchant mentality. We still think the same.

He mixes the remembered struggle of the Islamist parties together with neoliberalism’s economic agenda. In his discourse the market becomes associated with victory over the authoritarian state, thereby generating consent for the AKP’s neoliberal agreements.

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88 Tuğal, Passive Revolution, 162.
89 Tuğal, Passive Revolution, 217.
90 Recep Tayyip Erdoğan, Yeni Şafak, June 19, 2004.
Part of the adjustment to a competitive economy means giving priority to work ethic and productivity. In this direction, Islamic charity foundations preferred assisting poor families by finding a job for the male of household, rather than through direct financial assistance, because as one director states “if a family is poor because the father isn’t working and we find out that the father isn’t working because he sits in the coffeehouse all day, then if we help that family, we are just supporting his bad behavior.” Religious figures played a similar role in instilling work ethic. These are the words of a prayer leader at a central mosque on Friday:

You should be thankful to God for being able to pray in this warm mosque. But you should ask yourself: What can I do with this gift from God? First, God hates laziness. Does God like laziness? [Many people murmur: he does not.] You should work very hard. You should not forget that this is a part of your religion. You should wake up very early in the morning, perform your prayer, then start to work. Second, you should not forget that you are all one under God. You may be Kurdish, Circassian, Turkish, but before God you’re all the same. You should not be divided. Look what happens when you are divided.

He exhorts the importance of work ethic, a new phenomenon in Friday sermons. He also argues for mild nationalism. The last sentence “look what happens when you are divided” is a reference to the sectarian conflict of the Iraqi civil war. He points to very real ethnic differences in Turkey, but emphasizes that good Muslim ethics encourage passiveness, gratefulness, and hard work.

Individuals began to see the market as being part of the divine order, another phenomenon of the past five years. Yaman, a former radical Islamist, teacher, and now shop

92 Tuğal, Passive Revolution, 221-2.
93 Tuğal, Passive Revolution, 222.
owner describes his perspective on the Islamist movements and vagaries of the market: “We [the Islamists] used to say that even standing in the shade of a bank is a sin... Now Islamists get in line to put money in the bank. They are after the money they have not earned all their lives [because of Islamist activities and beliefs]... We fought all our lives for an Islamic order. We could not achieve it. This is not a light load to carry... The situation of the Islamists is like this: if we [as the family members who run this clothing store] have a loss at the end of the month, I gather my children and say, ‘What can we do? This is our nasip [that which is allotted by God].’ If I don’t approach the situation like this, I will lose my head. Just like this, I see the present condition of the Islamists as our nasip.”

Yaman acknowledges that Islamists have accepted the financial system which they once rejected, saying it was their fate (or nasip). He illustrates this acceptance through a metaphor of the business cycle, which is also determined by fate. Yaman uses religious language to explain his and other Islamists’ assimilation into the market, as well as to explain the fluctuations of the market itself, thereby demonstrating a profound internalization and naturalization of market logic.

The naturalization of market logic encompasses the range from Prime Minister, to imam, to shop owner, to Veysel, a worker at a bus station. He works long days, without weekends or holidays, making less than a thousand lira a month (approximately five hundred dollars), and has no benefits. In his own words “it feels like I am in an open-air prison.”

However, when asked about privatization he answers: “Privatization is good. The state is cumbersome. The people working for the state have no interest in their work. But here, we are

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94 Tuğal, *Passive Revolution*, 219
95 Tuğal, *Passive Revolution*, 226
all after profit. We are always struggling. We are always trying to do something. But the eye of
the memur [government employee] is always on the clock. He wants to go home as soon as
possible. But I come here at six in the morning, and I go back at seven. This is how one should
work.”96 Vey sel’s words are shocking because they defend his own exploitation and the system
that does nothing to alleviate it. In another conversation he demonstrates an acute awareness
of his precariousness and complains about having no health insurance.97 Yet, he condemns the
government worker and state intervention: a common line of Erdoğan and the AKP which he
certainly internalized.

Privatization of Turkey’s state monopolies was initiated by Özal in 1986. However, no
comprehensive laws on privatization were passed and political opposition successfully stymied
key privatization deals.98 As a result privatization primarily affected only small- or medium-
sized companies, mostly in manufacturing and industry.99 Up until 2001 government revenue
from privatization sales totaled $7.2 billion. Since that time the government has shown
considerably greater resolve in selling off state-owned enterprises. Between 2002 and 2015 it
recorded $59.47 billion in revenue from privatization sales.100 The AKP sold off the national
petrol company, steel, communications, the national airline (Turkish Airlines), the state tobacco
monopoly, state banks, major ports, and the gas and electric grids. The state budget benefitted
significantly from these sales. More importantly, privatization both increased the AKP’s

96 Tuğal, Passive Revolution, 226
97 Tuğal, Passive Revolution, 226
98 Öniş, “Turgut Özal,” 120.
99 Öniş, “Turkish Privatization: Institutions and Dilemmas.”
100 http://www.oib.gov.tr/program/uygulamalar.htm
standing with the IMF and international business community, and also allowed it to weaken its traditional enemy, the entrenched bureaucracy close to the state.

The legalization and regulation of Istanbul’s many squatter neighborhoods had the most direct impact on Turkey’s precarious populations. TOKI (Turkey’s Mass Housing Administration) has 191 urban renewal projects in Istanbul alone, and many more in nearly every city across Turkey. TOKI’s explicit mission is to provide affordable housing for Turkey’s low and middle income families. However, since 2001 TOKI has operated as a semi-private institution, generating its revenue solely from sales and rents of its development projects and land endowments, in addition to fees and interest from loans. The inevitable conflict of its revenue scheme means that families with no legal claim to their land – most residents of squatter neighborhoods – are forcibly removed and their houses destroyed. Other families pay fines or are forced to alter their property in order to accord to new regulations. Yet, protests in reaction have been surprisingly muted. Residents interviewed by Ozan Karaman felt a strong loyalty to the party despite its disadvantageous urban policy. They even framed dissatisfaction with the urban renewal projects as opposition to the repressive secular state, not the AKP: “Well, if they [the Military and the Constitutional Court] constantly attempt to overrule our popular will, this is what happens.” Loyalty to the party’s struggle, – which as recently as 2008 was nearly closed down by the Constitutional Court – fondness for Erdoğan,

101 http://toki.gov.tr/illere-gore-projeler
102 An article in Turkey’s constitution guarantees the right to housing, and TOKI was created to provide for this need.
103 Tuğal, Passive Revolution, 121.
105 Ozan Karaman “Urban Neoliberalism with Islamic Characteristics,” 3420. A resident of Başbüyük, a gecekondu (squatter) neighborhood in Istanbul.
and a modicum of welfare support from Islamic charities and the municipality, demobilized resistance to broader systemic exclusion.

A resident and low-level official of the AKP even expressed shame and regret for their past “irresponsible” behavior: “They [the RP] encouraged the construction of these buildings, which was wrong. They took from the rich and gave to the poor... Now, you will see a lot of people in the media and among the politicians presenting us as victims [mağdur]. But we are definitely not victims. We brought this upon ourselves. Now we have to suffer the consequences. We want a lot of things from the state, but in order to get something, you have to give something. The people here have given nothing to the state. Therefore they do not have the right to demand anything.”106 He has sanctified the market rule of private property, leading him to reject the existence of systematic inequality and blame the residents’ poverty on their own faults and greediness. Ironically, squatting was one of the means by which poor rural migrants – neglected by the state – had survived their move to the cities.

The post-2001 period was the beginning of the end for Turkey’s traditional social welfare regime: what has been called “inegalitarian corporatism”.107 The mechanisms of state-provided social support – primarily healthcare and education – were based on urban, government employment. In contrast, Turkey’s agricultural population – until recently most of Turkey’s population – relied on informal networks based on family and local ties. In 2002, the

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106 Tuğal, Passive Revolution, 172.
107 Ayşe Buğra & Çağlar Keyder, “The Turkish Welfare Regime in Transformation”
AKP cut agricultural subsidies, disrupting the support coming through informal networks to the growing rural migrant populations in the shanty towns surrounding Turkey’s larger cities.

Proponents of market solutions preferred placing the primary burden of risk on the private sector, that is, the individual and civil society. In this vein Islamic charity foundations and NGOs expanded their operations in welfare provision. Their success depends on appeals to notions of Islamic charity, as well as relationships with municipal and national political officials. The connections of Turkey’s current government, the AKP, with these civil society organizations has allowed it to frame social policy solutions in terms agreeable to its constituency, while at the same time not disturbing the principles of market fundamentalism.

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The AKP has displaced the traditionally secular “center” of Turkey’s government and consolidated Turkey’s Islamic civil society under its leadership. As a result of the party’s reformed position towards capitalism, the members of these networks have reconciled themselves to economic and social policy that they struggled against in the preceding decades. In Turkey the state has by no measure withdrawn or shrank: increased securitization, media repression, and the military occupation of Kurdish cities in the south east testify to that.

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108 Ayşe Buğra & Aysen Candas “Change and Continuity Under and Eclectic Social Security Regime”

109 Tuğal, Passive Revolution, 230. These policies range from EU accession, to capitalism, interest, accumulation of wealth, globalization; “Scholars have posited that establishment of market capitalism is likely to lead to popular organization (Buroway 2004; Polanyi 1994), this has not happened in Turkey”
Capitalism has succeeded, that much can be said. Market ideology has never been so thoroughly and broadly articulated as it is now. The shifts, starts and economic volatility that had bruised Turkey’s economic path has finally evened out. The GDP grows at a steady pace, inflation is under control, and international creditors continue to see the country as a good place to “put their money to work.” However, other indicators tell a different story: numbers on human development, inequality and unemployment have been moving in the wrong direction. More importantly, the tradition of an authoritarian state remains unreformed. In fact, the AKP’s broad civil society networks give the party greater reach, and makes its power that much more complete. The AKP carefully circumscribes civil society by supporting government friendly NGOs that share its ideology.  

Press freedom has declined steadily, so that Turkey is now rated “not free”. The government brings charges of terrorism against journalists who write critically of the government and academics who sign peace petitions. It even goes so far as to threaten to expand terrorism laws to include academics, journalists and parliamentarians who “make terrorism possible,” and to strip them of their citizenship. The AKP has also escalated Turkey’s civil war with the Kurds, and uses laws concerning urban renewal and historical preservation to claim neighborhoods in the centers of city in Turkey’s

113 “Erdoğan Wants Definition of Terrorist to Include Journalists” http://www.independent.co.uk/news/world/middle-east/turkey-s-president-erdogan-wants-definition-of-terrorist-to-include-journalists-as-three-academics-a6933881.html
114 “Turkey to Work on Rule to Strip Terrorist Supporters of Citizenship” http://www.reuters.com/article/us-turkey-kurds-idUSKCN0X3002
south east and displace their Kurdish populations. It wages war against a “parallel state”: arresting or relocating thousands of police officers, bureaucrats, lawyers and judges that belong to the Sufi networks of Fethullah Gülen, a former allied turned enemy. In short, the AKP continues its efforts to expand its hegemony in Turkey.

CONCLUSION

The primary international proponent of neoliberalism in Turkey has been the IMF, and it has worked with various allies in its attempt to implement its economic vision: political parties, military leaders, business associations, civil society, etc. However, Turkey’s history makes clear that the IMF found no better ally than a well-integrated political and civil society. In this paper I have tried to show how civil society is a crucial element for managing the market. Civil society shapes economic subjects by dispersing and naturalizing market logic.

Civil society is a mechanism of power alongside the juridical and political. Next to coercive state power, civil society comprises “the ‘spontaneous’ consent given by the great masses of the population to the general direction imposed on social life by the dominant fundamental group” which is achieved by organizing the “subaltern classes.”

We’ve seen in Turkey how civil society exists alongside the authoritarian state, and provides a more subtle means for a ruling group to establish hegemony. The economy – a space of competition and

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self-interest – requires civil society to hold individuals together and reduce the friction
generated by economic relationships: “therefore, civil society serves as the medium of the
economic bond.”\textsuperscript{118} Islamic civil society subdues the egoist interests of the subaltern classes by
appealing to humility, compassion, community, and gratefulness, thereby reinforcing their
material reality and their subordination in the hierarchy of power.

\textsuperscript{118} Foucault, \textit{The Birth of Biopolitics}, 302.
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